

April 30, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF OPTION AGREEMENT TO EXCHANGE REAL PROPERTY  
WITH THE CITY OF NORWALK  
(FOURTH) (4 VOTE)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Make a finding that the County real property identified in Exhibit "A" of the attached Option Agreement as Parcel 5a is currently not required for County use.
2. Make a finding that the County real property identified in Exhibit "A" of the attached Option Agreement as Parcel 4 will not be required for County use upon completion of an exchange with the City of Norwalk Redevelopment Agency (City) for property identified in said exhibit as Parcel 5.
3. Find that the transfers of County-owned surplus property contemplated by the attached Option Agreement are categorically exempt under Class 12 of the California Environmental Quality Act (CEQA) guidelines.
4. Instruct the Chairman to execute the attached Option Agreement for Transfer of Real Property.
5. Instruct the Chairman to execute a Grant Deed conveying the County's right, title and interest in the County real property identified in Exhibit "A" of the attached Option Agreement as Parcel 5a, when approved by County Counsel and upon presentation by the Chief Administrative Officer (CAO).

The Honorable Board of Supervisors  
April 30, 2002  
Page 2

6. Upon completion of the parking structure by the City, authorize the CAO to exercise the Option to Transfer Real Property, which will exchange the County's Parcel 4 for the City's Parcel 5, and to execute any other related documents and take such other steps as necessary to approve, document, and complete the transaction.
7. Instruct the Chairman to execute a Grant Deed conveying the County's right, title and interest in the County's property identified as Parcel 4 when approved by County Counsel and upon presentation by the CAO.
8. Authorize and instruct the CAO to accept the original executed Grant Deed conveying the City's right, title and interest in Parcel 5 to the County and to record the Grant Deeds to Parcels 4 and 5 concurrently.
9. Approve the attached Appropriation Adjustment to transfer \$47,000 from unallocated Fourth District Capital Projects Funds - C. P. No. 77046 to the Project and Facility Development Budget to provide funding for the County's contribution to the Norwalk Court Parking Project.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the this action is to facilitate an exchange of properties which will provide developable property to the City of Norwalk Redevelopment Agency to expand the retail amenities adjacent to their entertainment complex, and provide a secure parking structure for the safety and security of Superior Court judges assigned to the Norwalk Courthouse.

In order to achieve this goal, the County will deed an undeveloped portion of its property (Parcel 5a) adjacent to the Courthouse to the City. The City will contract for the construction of a parking structure on the deeded land and a portion of the City's property. Upon completion, the County will purchase the improved property through an exchange of real property (Parcel 4) and cash.

The Honorable Board of Supervisors  
April 30, 2002  
Page 3

### **Implementation of Strategic Plan Goals**

The County Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. Securing the exclusive right to exchange real property to fill an identified public infrastructure need supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2).

### **FISCAL IMPACT/FINANCING**

The preliminary cost estimate by Vestar Development Corporation (VDC), the City's developer, for construction of the secured parking structure is approximately \$871,320. The structure will be constructed partially on City-owned land (Parcel 5b) and partially on County-owned land (Parcel 5a) which will have been transferred to the City upon execution of the Option Agreement.

The fair market value of the County's Parcel 4 exceeds the value of the City's parcel that would ultimately be exchanged upon exercise of the option by \$325,000 based upon an independent appraisal commissioned by this office. Therefore, the transaction requires a County funding commitment of approximately \$546,320. The County's obligation to fund the \$546,320 will be in the form of an option to purchase the completed structure and appurtenant land within 45 months. If the County exercises its option to purchase the completed parking structure for \$546,320, it will have acquired an asset that matches its capital outlay. The County has already budgeted \$500,000 in the Project and Facility Development Budget. The remaining \$46,320 will be funded from Fourth District Capital Projects Funds, as per the attached Appropriation Adjustment. The City will acquire land for its market value and obtain the additional benefit of developing a retail center with its attendant sales tax benefits.

The Honorable Board of Supervisors  
April 30, 2002  
Page 4

Since the construction budget is preliminary and the actual cost may vary after the City awards a construction contract to the lowest responsible bidder, the Option Agreement provides for an adjustment to reflect increases or decreases from the budgeted amount. The County and City will proportionately share in any increase or decrease in actual construction costs with the County's share being 60 percent and the City's 40 percent. No construction costs which exceed the budget by five percent of the estimated total project cost of \$871,320 will be expended without further written agreement of the County and City.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The parking structure will be constructed to County specifications pursuant to a Redevelopment and Disposition Agreement between the City and VDC.

Upon completion of construction of the parking structure by VDC to the satisfaction of the County, the County will be bound to exercise an option to transfer real property. Transfer of the County's Parcel 4 to the City will constitute part of the purchase price for the purchase by the County of the City's Parcel 5, as improved. The exchange will permit the City to proceed with commercial development of Parcel 4 in order to generate additional sales tax revenues.

The County's Parcel 4 consists of a surface parking lot and landscaping. Parcel 4 is the current site for parking for judges at the Norwalk Courthouse and does not provide direct and secured access to the Courthouse. Upon completion of the secured parking structure, the County will no longer need Parcel 4 for judges' parking.

Parcel 5 is undeveloped property located between the Norwalk Courthouse and the Norwalk City Hall, and consists of Parcel 5a, currently owned by the County, and Parcel 5b, owned by the City. The Option Agreement provides for the County's transfer of Parcel 5a to the City in exchange for the option to later purchase Parcel 5 improved with the secure parking structure. If the City does not complete construction of the parking structure or if the parties terminate the Agreement prior to commencement of construction, ownership of Parcel 5a will revert to the County.

The Honorable Board of Supervisors  
April 30, 2002  
Page 5

The parking structure to be constructed on Parcel 5 will provide secure and direct access to the Norwalk Courthouse via a covered walkway, feature all the fire and life safety systems required for enclosed structures, be built to County specifications, and incorporate ingress and egress features expected to alleviate long-standing security concerns at this location. The security aspects of the facility have been developed in close coordination with the judges and court security personnel from the Sheriff's Department. Schematic plans and building design criteria were developed by VDC and have been reviewed by the Department of Public Works, which will continue to provide technical input at key milestones in the plan development process.

A transfer or exchange of properties with the City of Norwalk Redevelopment Agency is in compliance with Section 25365 of the California Government Code.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Current operations and service will continue without interruption until the secured parking structure is completed and accepted by the County. When the Option is exercised, the judges parking will be relocated to the new facility and portions of the current surface parking lot transferred to the City.

The Honorable Board of Supervisors  
April 30, 2002  
Page 6

### **ENVIRONMENTAL DOCUMENTATION**

The transfers of Parcels 5a and 4, as contemplated in the Option Agreement, are categorically exempt under Class 12 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board. For the development of the parking structure, the City, as lead agency, is responsible for preparation of environmental documentation in compliance with CEQA. The CAO will review and consider the City's environmental documentation and the potential environmental impacts of acquiring Parcel 5 prior to exercising its option pursuant to the Agreement. At that time, the CAO will make appropriate environmental findings in compliance with CEQA.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:CB:rmc

Attachments (2)

c: County Counsel  
Auditor-Controller  
Department of Public Works  
Assessor

ctyofnorwalk.b